



Amy Loudenbeck

REPRESENTING WISCONSIN'S 45TH ASSEMBLY DISTRICT

May 23, 2011

Testimony for Senate Public Hearing on Assembly Bill 13

As the author of this bill, I ask for the support of my colleagues in the Senate in creating a Development Opportunity Zone in the City of Beloit. **This bill has received unanimous, bipartisan support from the Assembly Committee on Jobs, Economy and Small Business and the Joint Committee on Finance. This bill was passed by the Assembly with bipartisan support.**

Assembly Bill 13 would require the Department of Commerce to designate an area in the City of Beloit as a Development Opportunity Zone, by authorizing \$5 million in tax credits over a period of five years. Assembly Bill 13 would allow Beloit to define the area to be designated by providing the Department with the legal description of the area.

In order to claim tax credits, a business that conducted economic activity in the Beloit development opportunity zone would be required submit a project plan to Commerce, and comply with other statutory provisions governing development opportunity zones.

Tax credit eligible economic activities in the zone would include environmental remediation, job creation and capital investment.

A Development Opportunity Zone is an additional economic development tool that has been used in economically distressed areas. Beloit's DOZ expired in September 2010. New DOZs for Janesville and Kenosha's DOZs were approved in 2009. **Prior to its expiration in September 2010, Beloit's DOZs leveraged over \$123 million in private investment and created 626 new jobs.**

The prior DOZ was only available to companies locating in the Gateway Business Park, whereas this bill would allow the City to include the entire corporate limits of the City, allowing existing business to use the credits for expansion and providing additional incentives for potential users of vacant properties in the City Center and the Beloit Industrial Park.

Beloit presently has the 2nd highest rate of unemployment in the state at 13.8%. Unemployment peaked in Beloit at 18.6% in June of 2009. This bill would create job creation tax credits for full-time jobs created or retained and provides additional credits for hiring "members of a targeted group", such as a person who is eligible for child care assistance, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex-convict, a dislocated worker, as defined under federal law, or a food stamp recipient, if the person has been certified by a designated local agency under federal law.

Beloit is still working to diversify its economy to make up for lost jobs in the manufacturing sector. The bill would support new development as well as the expansion of existing businesses. Industry clusters that are growing in Beloit include agri-business, food processing and technology, transportation and distribution.

The City of Beloit, Rock County Economic Development, Rock County 5.0, Forward Janesville and the Greater Beloit Chamber of Commerce all support this bill to bring jobs to Rock County.

Greater Beloit and all of Rock County need additional economic development and family-supporting job opportunities to reduce unemployment, add to the local tax base and promote investment in local business and real estate.



CITY MANAGER * CITY HALL * 100 STATE STREET * BELOIT, WI 53511
Office: 608/364-6614 * Fax: 608/364-6756
<http://www.ci.beloit.wi.us>
Equal Opportunity Employer

**PUBLIC HEARING
ASSEMBLY BILL 13**

MONDAY, MAY 23, 2011
10:00 AM
201 SOUTHEAST
STATE CAPITOL

**COMMITTEE ON ECONOMIC DEVELOPMENT AND VETERANS
AND MILITARY AFFAIRS**

**TESTIMONY BY
BETH JACOBSEN, ASSISTANT TO THE BELOIT CITY MANAGER**

Let me begin by saying how much the City of Beloit appreciates Representatives Loudenbeck, Wynn, Knilans and Senator Cullen's sponsorship of this bill. We find that the provisions in this Bill meet the City's needs and expectations.

The initial Beloit Development Opportunity Zone (DOZ) was designated for the Gateway Business Park in 2001.

This designation was a means to assist the City in replacing the job losses incurred by the closing of the Beloit Corporation.

The Beloit DOZ has been an incredibly effective economic development tool, leveraging nearly \$124,000,000 in private investment. Within the Zone, 626 jobs have been created, of which 332 are directly attributed to the use of DOZ credits. The assessed value of the District has increased from a base of \$1,763,400 to \$140,054,100, an increase of 7,942 percent.

The DOZ has allowed us to attract such companies as:

- Staples Order Fulfillment Center
- Kettle Foods
- Specialty Tools
- Menlo Industries (Alliance Distribution Center)

Unfortunately, the Beloit DOZ expired in September of 2010.

Assembly Bill 13 creates a DOZ effective for a period of five (5) years in the amount of \$5,000,000. The Department of Commerce would then be given the authority to extend that time period and add additional credits for another five (5) years.

Also as written, the Bill allows the Beloit City Council to designate the boundaries included in the DOZ. This will allow us to promote development throughout the entire City of Beloit, enhancing our ability to move forward with additional economic development projects. Previous DOZ credits were restricted to development in the City's Tax Incremental Finance District #10 only.

Despite our recent success, Beloit as a community still struggles with significant challenges including persistently high unemployment. The City's unemployment rate is currently second highest in the state at 13.4%. Unemployment peaked at 18.6% in June of 2009.

As we move out of the recession, this critical economic development tool would be an extremely valuable component of our program to help existing companies expand and to attract new businesses to Beloit.

We are respectfully requesting that the proposed Assembly Bill 13 reestablishing a DOZ in the City of Beloit, be approved.

Thank you for your consideration and kind attention.

**PUBLIC HEARING
ASSEMBLY BILL 13**

MONDAY, MAY 23, 2011

10:00 AM

201 SOUTHEAST – STATE CAPITOL

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND
VETERANS AND MILITARY AFFAIRS**

**TESTIMONY OF DAVE RIEMER
MANAGING PARTNER, HARRIS ACE HARDWARE, AND
CHAIRMAN, GREATER BELOIT CHAMBER OF COMMERCE**

Senator Hopper and Committee Members, I appreciate being given the opportunity to appear before you today to testify in support of Assembly Bill 13, legislation that would create a development opportunity zone (DOZ) for the City of Beloit.

I appear before you in two capacities. First, I appear as the Managing Partner of Harris Ace Hardware which operates five (5) Ace Hardware stores in South Central Wisconsin, including two in the City of Beloit. Second, I appear as Chairman of the Greater Beloit Chamber of Commerce, an 87-year old institution which represents the interests of businesses and organizations in the Beloit area.

In regard to the Chamber's support of Assembly Bill 13, it was considered by our Committee on Government Relations earlier in the year and a recommendation to support was presented to our Board of Directors. The Board considered the recommendation at its meeting on March 10, and in meeting assembled, unanimously endorsed the legislation. This endorsement was communicated to Rep. Amy Loudenbeck prior to hearings which occurred on March 22 before the Assembly Committee on Jobs, Economy and Small Business.

As a person who operates businesses in Beloit, I can personally attest to the need for the passage of Assembly Bill 13. Despite the success of an initial Beloit Development Opportunity Zone (DOZ) that was designated for the Gateway Business Park in 2001, and despite on-going activities of a number of economic development initiatives by city and county governments and economic

development agencies, Beloit still struggles with significant economic challenges. Beloit still suffers from a sluggish economy. And although Beloit's unemployment is no longer ranked highest in the State, its current rate of 13.8% ranks it as the 2nd highest rate in the State.

Development opportunity zones as have operated in Rock County have been very successful. According to the City Manager of Beloit, Mr. Larry Arft, the DOZ that was created in 2001 and that expired in September of 2010, leveraged over \$123 million in private investment and led to the creation of 626 new jobs. According to the *Janesville Gazette*, the Janesville DOZ that has been in place for over a year has led three companies to create or retain at least 210 full-time jobs.

The development opportunity zone for Beloit that would be created by Assembly Bill 13 would be particularly beneficial as it allows the Beloit City Council to designate the area included within the DOZ, which I understand will be the entire area within the City. This will allow Beloit to continue working to diversify its economy to make up for jobs that have been lost in the manufacturing sector. Tax credit eligible economic activities in the zone would include environmental remediation, job creation and capital investment. The legislation would support new developments as well as the expansion of existing businesses such as the industry clusters that are presently growing in Beloit such as agri-business, food processing and technology and transportation and distribution.

In closing, I would like to thank Representatives Loudenbeck, Wynn and Knilans for authoring the legislation and Senator Tim Cullen, who is a co-sponsor.



City of
BELOIT, Wisconsin

CITY MANAGER • CITY HALL • 100 STATE STREET • BELOIT, WI 53511

Office: 608/364-6614 • Fax: 608/364-6756

www.ci.beloit.wi.us

**PUBLIC HEARING
ASSEMBLY BILL 13**

Equal Opportunity Employer

TUESDAY, MARCH 22, 2011

10:00 AM

328 NORTHWEST
STATE CAPITOL

COMMITTEE ON JOBS, ECONOMY AND SMALL BUSINESS

TESTIMONY BY CITY MANAGER LARRY N. ARFT

Let me begin by saying how much we appreciate Representative Loudenberg's efforts to introduce this bill. We also find the provisions in the Bill meet City needs and expectations.

The initial Beloit Development Opportunity Zone (DOZ) was designated for the Gateway Business Park in 2001.

This designation was a means to assist the City in replacing the job losses incurred by the closing of the Beloit Corporation.

The Beloit DOZ has been an incredibly effective economic development tool as it has leveraged \$123,820,000 in private investment and has created 626 new jobs.

The DOZ has allowed us to attract such companies as:

- Staples Order Fulfillment Center
- Kettle Foods
- Specialty Tools
- Amp Electric
- Southeastern Container
- Menlo Industries

Unfortunately, the Beloit DOZ expired last September.

Assembly Bill 13 creates a DOZ effective for 60 months beginning September 1, 2010 in the amount of \$5,000,000. Commerce would be given the authority to extend that time period and add additional credits for another 60 months.

Also as written, the Bill allows the Beloit City Council to designate the area included in the DOZ. This will allow us to promote development throughout the entire City of

Beloit, enhancing our ability to do additional economic development projects. Previous DOZ credits were restricted to development in the Gateway Business Park only.

Despite our recent success, Beloit as a community still struggles with significant challenges including persistently high unemployment. The City's unemployment rate is currently second highest in the state at 13.8%. Unemployment peaked at 18.6% in June of 2009.

As we move out of the recession, this critical economic development tool would be an extremely valuable component of our program to help existing companies expand and to attract new businesses to Beloit.

We are respectfully requesting that the proposed Assembly Bill 13 reestablishing a DOZ be approved.

Thank you for your consideration and kind attention.



14 South Jackson
Janesville, Wisconsin 53548
(608) 757-3160
FAX (608) 757-3170

March 21, 2011

The Honorable Mary Williams
Chair, Assembly Committee on Jobs, Economy & Small Business
State Capitol Building
Madison, WI 53708

Dear Chairwoman Williams and Committee Members:

I am writing in support of Representative Loudenbeck's Assembly Bill 13, a bill to create a development opportunity zone (DOZ) for the city of Beloit.

As you know, DOZs are special geographic areas that offer tax credits to businesses that create jobs and invest in "economically distressed areas". Companies that expand, locate or start-up within a DOZ are eligible to claim Wisconsin income tax credits for job creation and capital investment. Tax credits tied to capital investment are what make the DOZ program so useful, as today's competitive global economy relies heavily upon technology-enhanced productivity.

In the wake of the closure of Janesville's General Motors Assembly Plant, area business and civic leaders set about creating a list of common sense legislative priorities to help jump start the area's economy. Creation of a development opportunity zone for the City of Janesville was our top priority. We chose to advocate for a Janesville DOZ in part because we saw how successful the City of Beloit's DOZ was in creating jobs and investment, particularly within the Gateway Business Park. This DOZ was in force from 2001-2009.

Janesville's opportunity zone has been in place for about a year. According to the *Janesville Gazette*, the program has awarded almost \$1 million in tax credits to three companies—SSI Technologies, Grainger and Hufcor—who have pledged to create or retain at least 210 full-time jobs. These credits are worth about \$8,000 per job.

The development opportunity zone program has been a success story for Rock County's economic development efforts. In these challenging economic times, it is imperative to have as many arrows as you can within your economic development quiver. The flexibility and versatility of DOZ tax credits make them a great tool for moving Wisconsin's economy forward.

Therefore, I urge your support of Assembly Bill 13. Thank you for your consideration.

Sincerely,

Daniel A. Cunningham
Vice President

Greater Beloit

Chamber of Commerce

March 17, 2011

Rep. Amy Loudenberg
Room 209 North
Wisconsin State Capitol
Madison, WI 53708

Dear Rep. Loudenberg,

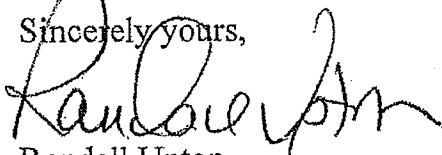
This letter is in regard to 2011 Assembly Bill 13 which you introduced on February 2 of this year and which was referred to the Assembly's Committee on Jobs, Economy and Small Business.

I am pleased to advise that AB 13 was considered by our Committee on Government Relations and that a recommendation by it that the legislation be endorsed was presented to our Board of Directors. The Board considered the recommendation at its meeting on March 10, and in meeting assembled, unanimously endorsed the legislation.

In endorsing the legislation, it was noted that the fiscal estimate that was prepared on February 14 shows no State fiscal effect. Support of the legislation was further based on the knowledge that the cost to the City of Beloit in providing a legal description of the zone is an anticipated minimal cost that can be absorbed by it, and further that the Department of Commerce will be able to administer the Development Opportunity Zone that will be created in the City of Beloit within its budgetary authority.

The Greater Beloit Chamber of Commerce congratulates you for your efforts to facilitate the creation of the Development Opportunity for the City of Beloit with the anticipated benefits that will flow to the Greater Beloit area from increased private investment in the City and the creation of additional jobs.

Sincerely yours,



Randall Upton
President

ROCK COUNTY 5.0

ONE VISION | ONE VOICE

March 22, 2011

Representative Amy Loudenberg
Room 209 North
State Capitol
P.O. Box 8952
Madison, WI 53708

Re: Assembly Bill 13 - 2011

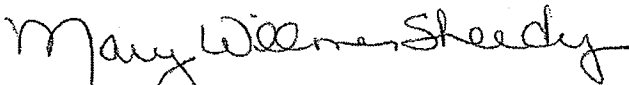
Dear Amy,

I am writing as the co-chair of Rock County 5.0 and as a community leader for Rock County in support of Assembly Bill 13 which will create and extend a Development Opportunity Zone (DOZ) in the City of Beloit. Our region has been particularly hard hit by the recession and the loss of the major employer, General Motors. The opportunity that exists with a DOZ is the ability for companies to locate or expand in Beloit, create meaningful jobs and enjoy a credit against state income and franchise taxes.

The DOZ for Beloit is a tool that we have used previously and provides incentive to businesses to do business in Rock County, and specifically in Beloit. With unemployment rates in the double digits, the loss of key employers, and a challenging competitive landscape, our economic development team of Rock County 5.0 needs this tool to be able to attract and retain meaningful employers. Many of the states and regions we compete with have these types of tools and it is required today to offer competitive packages.

I appreciate your consideration and passage of this Bill.

Sincerely,



Mary A. Willmer-Sheedy
Co-Chair Rock County 5.0